

HB1020_RichardKaplowitz_FAV
02/18/2025

Richard Keith Kaplowitz
Frederick, MD 21703

TESTIMONY ON HB#/1020 – FAVORABLE

**Consumer Protection - Credit Reporting - Medical Debt (Fair
Medical Debt Reporting Act)**

TO: Chair Wilson, Vice Chair Crosby and members of the Economic Matters Committee
FROM: Richard Keith Kaplowitz

My name is Richard K. Kaplowitz. I am a resident of District 3, Frederick County. I am submitting this testimony in support of HB#1020, **Consumer Protection - Credit Reporting - Medical Debt (Fair Medical Debt Reporting Act)**

The intent of the Fair Medical Debt Reporting Act is the promotion of fair credit practices by protecting consumers from the adverse effects of medical debt on their credit reports. The bill helps ensure medical debt does not disproportionately affect individuals' ability to access credit and financial opportunities, which would compound the impact of a health event.

The Consumer Financial Protection Bureau was prepared to take action on this problem before Elon Musk destroyed the agency. On January 7, 2025 the bureau declared: ¹

The Consumer Financial Protection Bureau (CFPB) [finalized a rule](#) that will remove an estimated \$49 billion in medical bills from the credit reports of about 15 million Americans. The CFPB's action will ban the inclusion of medical bills on credit reports used by lenders and prohibit lenders from using medical information in their lending decisions. The rule will increase privacy protections and prevent debt collectors from using the credit reporting system to coerce people to pay bills they don't owe. The CFPB has found that medical debts provide little predictive value to lenders about borrowers' ability to repay other debts, and consumers frequently report receiving inaccurate bills or being asked to pay bills that should have been covered by insurance or financial assistance programs.

“People who get sick shouldn't have their financial future upended,” said CFPB Director Rohit Chopra. “The CFPB's final rule will close a special carveout that has allowed debt collectors to abuse the credit reporting system to coerce people into paying medical bills they may not even owe.”

Maryland needs to act where the Federal Government has abdicated their role in protection of consumer rights. This bill will prohibit a consumer reporting agency from furnishing any consumer report containing certain adverse information relating to a consumer's medical debt, or any collection action against a consumer for medical debt, or maintain a file on a consumer related to medical debt or collections. It will further protect consumers by prohibiting a person from using medical debt information from a consumer report for certain purposes. It also places restrictions on health care providers aiding the reporting of medical debt to the consumer reporting agencies through prohibiting a health care facility, a health care practitioner, or an ambulance service from disclosing medical debt to a consumer reporting agency.

I respectfully urge this committee to return a favorable report on HB#1020.

¹ <https://www.consumerfinance.gov/about-us/newsroom/cfpb-finalizes-rule-to-remove-medical-bills-from-credit-reports/#:~:text=The%20CFPB's%20research%20reveals%20that,would%20be%20able%20to%20repay.>

